

HORMEL FOODS CORPORATION
LONG-TERM HOG PROCUREMENT AGREEMENT III

This Long-Term Hog Procurement Agreement III ("Agreement") is made and entered into effective _____, _____ by and between the undersigned producer of hogs ("Producer") and Hormel Foods Corporation, with its principal offices in Austin, Minnesota ("Hormel Foods").

1. TERM AND QUANTITY.

(a) The term of this Agreement shall commence on the effective date set forth above and shall continue for the greater of five (5) years or the remaining initial term of the Previous Agreement, as defined in paragraph 3.(a), if any. The parties agree that the expiration date of this Agreement shall be _____, _____ subject to termination pursuant to paragraph 6.

(b) Producer agrees to supply the following quantity of market hogs to Hormel Foods under this Agreement:

(1) _____ hogs per month; or

(2) All hogs produced from a _____ sow farrowing operation, not to exceed _____ hogs per year (approximately _____ hogs per month); or

(3) All hogs produced from Producer's hog production operation, not to exceed _____ hogs per year (approximately _____ hogs per month); or

(4) _____
_____.

(c) If Producer utilizes an "all-in/all-out" or batch operation, deliveries must average the monthly quantity set forth above.

(d) Any variances in deliveries from the quantity set forth above, including without limitation any excess quantity intended to compensate for a prior deficit quantity and vice versa, shall be accepted only at the discretion of Hormel Foods.

(e) Producer acknowledges that Hormel Foods' payment of a Guaranteed Minimum Price as set forth in paragraph 2. is made in reliance upon Producer's promise to remain in Hormel Foods' Long-Term Hog Procurement Program and perform under this Agreement for the entire term of the contract.

2. PRICE.

(a) The "Floor Price Matrix" shall be the Floor Price Matrix attached to this Agreement and incorporated herein by this reference. As shown in the Floor Price Matrix, the price per live cwt. set forth in the Floor Price Matrix is determined utilizing a twenty (20) week moving average of Omaha corn and Decatur/Central Illinois 44% soymeal prices. The Floor Price Matrix shall not change during the term of this Agreement unless